

## Corporate Governance

**Visma's is committed to high standards of corporate governance to strengthen the confidence in the company and contribute to long-term value creation for the benefit of shareholders, employees and stakeholders. The aim of corporate governance is to regulate the division of roles between shareholders, the Board of Directors (the Board) and executive management more comprehensively than is required by legislation.**

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the Code). Adherence to the Code is based on the 'comply or explain' principle, which means that a company must comply with the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations.

The Code is principally intended for companies listed on the Oslo Stock Exchange (OSE) or Oslo Axess. The OSE requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code in force at the time.

Where applicable, Visma seeks to comply with the Code of 23 October 2012. The Code can be found at [www.ncgb.no](http://www.ncgb.no).

The main principles for corporate governance in Visma are:

- Visma's Board is independent of the company's management
- Structures are established to ensure the separation of roles and to provide the Board with effective measures to execute its functions. Visma's communication with its stakeholders must be open and reliable both in terms of the development of the company and all issues related to corporate governance.

### 1. Implementation and reporting on corporate governance

Visma's corporate governance is made up of a framework of guidelines and principles used to regulate the division of roles and tasks between the shareholders, the Board and the executive management of the Visma Group.

The Board of Visma is responsible for implementation of sound corporate governance in the company. The Board and executive management carry out an annual review of the corporate governance in the company.

Visma provides information about corporate governance in the company's annual report and on the company's web site at [www.visma.com](http://www.visma.com)

#### Corporate values and ethical guidelines

The Board of Visma has defined the company's corporate values. These values have been comprehensively communicated and are known throughout the Visma Group. The values are listed below:

##### Respect

Show respect for colleagues, clients and their businesses.  
Always represent Visma in an appropriate manner.

##### Reliability

Be loyal to Visma's directives and honour the agreements that have been made with clients, colleagues and others. Surprise in a positive way.

##### Innovation

Quickly adopt new solutions when they enable greater productivity in your own work. Contribute to improving the efficiency of the client's business processes.

##### Competence

Rely on your own skills and be eager to learn as well as to help colleagues to learn. Ensure that you are well-versed in your own products and services while focusing on the client's processes.

### Team spirit

Share knowledge and resources with others, and help to make it possible for your colleagues' strengths to be used in the best interests of the company. Our team spirit must benefit our customer relationships.

The company has a Code of Conduct and a corporate culture that is based on these corporate values.

### Sustainability and responsibility

Visma's aim is help to maintain the competitive edge of Northern European companies and government bodies through the automation of administrative processes. Visma defines its responsibility as the way the company's business objectives are fulfilled; this includes ethical operations and respect for the environment as well as a commitment to positive social impact.

Visma continuously develops its operations through innovation in technology and associated skill sets. The company's main objective is to provide its customers with the best skills available. Visma's core purpose is to secure and manage its customers' everyday business processes.

Visma has additionally established policies to ensure that managers and employees across the Group work against corruption in all its forms, including extortion and bribery. For further and more detailed information on sustainability, please see our statement on sustainability and responsibility.

### Visma's Code of Conduct

Visma's Code of Conduct works as a basis for all staff members and provides guidelines for conduct in relation to the outside world as well as within the organisation.

The Code of Conduct also applies to those who take on assignments and act on behalf of Visma, including members of the Board, auditors, resellers, partners, consultants and other incidental and more widely varying contractors. All actions and decisions at Visma must be consistent with the Code of Conduct. In cases where normal rules cannot be applied, all actions and decisions must fulfil the highest possible standards for ethical conduct.

Visma's Code of Conduct has been thoroughly communicated and understood in all entities across the Group. All Managing Directors have signed the Code to ensure that they implement the Code in all departments of the Visma companies they manage. All managers and employees are obliged to report all incidents that do not comply with the Code.

### The Code in brief:

Complete confidentiality must be maintained with respect to information about colleagues, clients and business associates.

Respect must be shown in all relationships, external as well as internal, based on principles such as equality and diversity.

Situations that might create external or internal conflicts of interest must be avoided.

Visma upholds diversity in its appointment of people from different cultural, ethnic and religious backgrounds. As a workplace, Visma has a neutral attitude to religion and philosophy of life. In order to avoid conflicts in the workplace, no form of religious preaching, agitation or religious provocation is permitted.

Zero tolerance applies to benefits or gifts that may be regarded as improper or may engender a sense of obligation.

Actions and decisions must be handled in such a way as to bear both external and internal investigation.

Employees, management and their close families may not receive loans or obtain other benefits from clients and suppliers.

Employees and management may not use knowledge obtained about clients' trade secrets or customer base to their own advantage.

Employees or management must not work on projects or have direct or indirect financial interest in or appointments or positions with Visma's competitors.

Each employee and manager is personally responsible for disclosing partiality and cases of doubt to his/her superior.

## 2. Business

Visma's business is clearly defined in Section 3 of the company's Articles of Association, "The objective of the company is to own and manage shares in other companies, including companies that work with the development and sale of software, the sale of consulting services, commerce, agencies and other business activities, or that participate in other companies in connection with the above, and all related matters." The Articles of Association can be found on the company's website at [www.visma.com](http://www.visma.com).

Within the scope of the Articles of Association, the Board of Directors has – in partnership with the executive management – developed clear objectives and strategies for its business activities.

### Vision

Visma's vision is to lead the field in the automation and integration of business processes. This means that Visma provides an extensive offering of products and services, which all contribute to making business processes more effective. Visma's products and services contribute to automating business processes and linking them in streamlined integration.

As all organisations are different, we offer freedom of choice within a wide range of products, services and combinations of these. Our ambition is to make our clients leaders in the field of automation and integration of business processes through our own expertise in the area.

### Concept

Visma's business concept is to supply software and services related to finance and administration to the private and public sectors in Europe. Our deliveries are made directly to the end customer through a large international network of distributors and resellers. An ever-increasing proportion of our deliveries take place over the Internet as on-demand solutions.

### Objective

Visma's objective is, in addition to being an attractive workplace for our employees, to generate earnings that will make Visma an attractive investment.

## 3. Equity and dividends

### Equity

Visma is growing fairly rapidly through acquisition and consolidation and needs a strong and liquid balance sheet. The company's most important assets are goodwill associated with the business and its software. The intellectual assets in an IT company are primarily of value as long as the company is doing well and is financially independent – Visma therefore needs a higher level of shareholder equity than companies in more traditional industries.

Visma's equity capital amounted to NOK 1 470 million as of 31 December 2012, corresponding to an equity ratio of 18.9 percent. Visma's business activities are by nature relatively capital-light in terms of capital expenditure requirements in non-current assets although the organic growth of the company entails increasing working capital requirements. The company is also growing inorganically through acquisitions, and the company seeks to retain a capital buffer to maintain its investment flexibility. The equity level and ratio at the end of 2012 are considered appropriate in terms of the company's objectives, strategy and risk profile both in absolute and relative terms.

### Dividend policy

In evaluating the company's payment of dividends, the Board supports securing the company's stable development, dividend capacity and the requirements for sound equity capital as well as for adequate financial resources to enable future growth. Under Norwegian regulations, dividends are taxable for foreign shareholders and the company is obliged to deduct tax at source.

### Capital increase

Visma has been a privately owned company since 2006. During this period, the Annual General Meeting has granted the Board mandates to increase the share capital only for defined purposes. All mandates are limited in time until the following AGM.

KKR completed its acquisition of 78 percent of the equity in Visma in December 2010. The remaining shares in Visma are held by HgCapital (17.7 percent) and the management. 300 of Visma's managers have invested in equity in parallel with KKR. The widespread investment scheme was initiated in order to ensure dedication and management stability for the future.

#### **4. Equal treatment of shareholders and transactions with close associates**

Visma emphasises independence and neutrality in all relationships between the Board, the management and the shareholders. This policy also applies to relationships with other interest groups, such as customers, suppliers, banks and other business partners.

Visma's objective is that all shareholders should have equal rights. Visma has one class of shares, and each share carries one vote at the AGM. The shares are freely transferable, and there are no barriers to acquisition. All shareholders in Visma have equal rights to dividends. All shareholders have equal rights in the event of any capital increases.

##### **Equal treatment**

Visma is currently a privately owned company. Visma's shares are thus not traded on any stock exchange. If the company carries out a transaction in its own shares, the company will always strive to ensure equal treatment of all shareholders.

##### **Transactions with close associates**

In the event of substantial transactions between Visma and any of its Board members, executive management or close associates of these parties, the Board will arrange for a valuation from an independent third party, unless the transaction is subject to approval by the AGM. As a part of the equity-based acquisition in Visma made by KKR in 2010, the management also increased its ownership from 2.4 percent to 5.3 percent, including investments from a total of 300 managers in Visma made in parallel with KKR's acquisition of shares from HgCapital.

The Board will also arrange for an independent valuation of transactions between companies in the Visma Group if any of the companies have minority shareholders. No such transactions took place in 2012.

#### **5. Freely negotiable shares**

Visma shares are freely negotiable. No form of restriction has been included in the company's Articles of Association.

#### **6. Annual General Meeting**

The shareholders exercise the highest authority in Visma through the AGM. The Board of Visma strives to ensure that the AGM is an effective forum for communication between shareholders and Board.

The notice calling the AGM is distributed to the shareholders and posted on the company's website no later than 14 days prior to the meeting, as required by Norwegian law. The notice includes all the necessary information for shareholders to form a view on the matters to be considered, including deadline for notice of intention to attend and a proxy form.

The AGM is open to all shareholders and all shares carry equal voting rights. All shareholders may participate in person or through a proxy. There are no limitations on ownership or known shareholders' agreements.

##### **Agenda and conduct of the AGM**

The Board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Norwegian Public Limited Liability Companies Act and the company's Articles of Association.

#### **7. Nomination Committee**

Visma is currently a privately owned company and does not have a nomination committee. If the company should apply to become publicly listed, the company will establish a nomination committee. It is recommended that the AGM stipulate guidelines for the duties of the nomination committee.

## 8. Corporate Assembly and Board of Directors: composition and independence

### Composition of the Board of Directors

The Board of Visma reflects the fact that the company is currently privately owned and has a few foreign shareholders, in addition to key executive staff. The composition of the Board has been established to ensure the company's need for expertise, capacity and diversity and to ensure that the Board functions well as a collegiate body.

According to the Articles of Association, the Board of Visma must comprise between three and eight members. The Board of Visma currently consists of seven members, all elected by the shareholders at the AGM. None of the Board members are women. The company is seeking to expand the Board to include female members. Board members are elected for a period of one year.

### The Board has the following members:

Gunnar Bjørkavåg, Chairman of the Board  
Nic Humphries  
Jacques Garaïalde  
Stanislas de Joussineau  
William Cornog  
Henrik Kraft

### Board independence

The composition of the Board should reflect the company's ownership structure. The company's management is not represented on the Board and all the Board members are independent of the executive management and important business associates.

The composition of the Board also ensures that it is able to operate independently of special interests. Four of the Board members are managers at KKR and two of the Board members are managers at HgCapital, the second largest shareholder of the company, while the Chairman of the Board is independent of the company's main shareholders.

### Employee council

Visma strives to maintain a relationship of trust and communication between management and employees. To formalise this, a joint employee council has been established in which both managers and employees are represented. The objective of an employee council is to provide a platform for information and discussions about issues that are of particular interest to the staff. The employee council is not a decision-making body.

Representatives are able to raise points of view and/or elements that may contribute to improved job satisfaction for employees and efficiency for the company.

Both employee representatives and the employee council function as a communication channel for employees and for management when relevant issues are to be discussed. The groups do not have a decision-making mandate, but contribute by ensuring that the best solution is chosen. Issues raised should be relevant to all employees in Visma.

### CEO

As of 31 December 2012, Øystein Moan, the CEO of Visma ASA, has been the Chairman of the Board of the following wholly owned entities in Visma:

Visma Norge Holding AS, Visma Hosting Holding AS, Active 24 Holding AS,  
Visma Sverige Holding AB  
Visma Danmark Holding A/S  
Visma Finland Holding Oy  
Visma Nederland BV

## 9. The work of the Board

### Instructions for the Board

The Board of Visma has overall responsibility for the management of Visma and implementation of the company's strategy, including monitoring and supervision of operations. The Board of Directors annually produces a plan for its work, focused on implementing strategies to realise the company objectives.

### Financial reporting

The Board receives the complete accounts and balance sheet for the company on a monthly basis as well as both divisional and consolidated management reports that describe the details and trends of the past month.

### Board evaluation of its own work

The Board evaluates its work on an annual basis.

### Meeting structure

The Board holds board meetings every other month. Meetings are held as telephone and video conferences, in order to ensure efficiency and save on travel expenses. The company strategy is reviewed in two extended Board meetings per year.

### Board Committees

As of 31 December 2012, Visma AS's Board committees include:

#### Remuneration committee:

The role of the remuneration committee is to assess and make recommendations concerning implementing or changing remuneration policies and concepts, and determining salaries and other remuneration for the CFO and other remuneration for the executive management.

The remuneration committee has the following members:

Gunnar Bjørkavåg (Chair)  
Jacques Raymond Garaialde  
William Cornog.

#### Audit committee:

The role of the audit committee is to assist in the exercise of the Board's management and control responsibilities and to ensure that the group has an independent and effective external and internal auditing system.

The duties of the audit committee include maintaining continuous contact with Visma's elected auditor concerning the auditing of the company's accounts. The committee also supervises the implementation of and compliance with the group's ethical guidelines, concerning financial reporting.

The audit committee assesses and makes a recommendation concerning the choice of external auditor and it is responsible for ensuring that the external auditor meets the requirements set by the authorities in Norway

The audit committee has the following members:

Stanislas de Joussineau  
William Cornog.

## 10. Risk management and Internal Control

Risks fall into the following major groups:

- Contractual risks
- Professional malpractice
- Cash-flow risks

- Risks of general market disruption

To reduce risk in general, Visma remains divided into several legal entities in the countries in which it operates. Each entity produces detailed monthly reporting and holds monthly Board meetings. Reports are submitted early on the fifth working day of the month. The division into many legal entities reduces contractual risks. Most Visma contracts are quite small and hence risks are very limited. Nevertheless, Visma is also involved in a few very large projects. For these, formal steering committees are established, and divisional and top management for Visma participate in these committees. A large part of Visma is certified according to ISO9001, ISO20000 or ISO27001. While such certification does not remove contractual risks, it at least provides a formal framework for managing and limiting risks.

With more than 5,000 employees, professional malpractice may occur. Visma seeks to limit this through thorough recruitment processes as well as through training, quality systems and its Code of Conduct. Even with such measures, professional malpractice may occur and Visma has liability insurance in place to cover such incidents.

As a leveraged company Visma has debt service obligations and depends on a steady cashflow. Since Visma has very limited COGS, Visma hardly carries any inventory. Visma has rather conservative principles for income recognition, and net cashflow from operations has historically been more than 90 percent of EBITDA. Capital expenditure is normally less than 10 percent of EBITDA. Thus, any cashflow risk is then closely related with EBITDA performance. As long as Visma has sufficient EBITDA, the cashflow risk is very limited. Visma manages its cash through a multi-currency, real-time cash management system. This system is under the control of the CFO of Visma, and makes it possible to monitor and control large cashflow movements.

Like all companies, Visma is exposed to general market conditions and developments in GDP in the five different countries in which Visma operates. In addition, Visma is a technology company and, as such, is exposed to risks associated with rapid changes in technology. Strong competitors may pose a risk. The competition can be divided into large international companies and smaller local ones. Visma's strongest international software competitors are SAP, Oracle and Microsoft. These companies have been in the market for many years, and Visma is used to competing with them. However, it is a constant struggle to preserve and gain market share. All parts of Visma have numerous local competitors, but while some of these may be aggressive in certain areas, their potential impact on the Visma Group as a whole is limited.

Visma has attempted to limit its exposure to the above market and technology risks in the following manner:

- The products and services provided are to a large degree mandatory and necessary regardless of market conditions
- Visma has 320,000 customers in Northern Europe who utilise our products and services, and an additional more than 330,000 use us as a hosting partner
- Visma utilises both Microsoft-based technology, Open Source/Java technology and cloud based business solutions
- Visma offers a wider range of products and services than its competitors – hence there are more opportunities for cross-selling more products with each customer

The system for internal control and risk management is under further development, partly engendered by preparations for participating in KKR's green portfolio scheme. This means that guidelines for corporate social responsibility are under evaluation for further development.

## 11. Remuneration of the Board, Audit Committee and Nomination Committee

Remuneration of the Board must be at a competitive level to ensure the desired composition of the Board. The remuneration of the Board is not performance-related and there are no option programmes in place for Members of the Board as of 31 December 2012.

None of the committees receive remuneration. Details about remuneration of the Board are included in the notes to the financial statements.



## 12. Remuneration of Executive Management

The Board of Visma has established guidelines for the remuneration of the executive management. The guidelines have been communicated to the AGM.

Visma emphasises being an attractive employer and wishes to attract executive employees with relevant experience. The company therefore seeks to offer its executive management competitive compensation packages.

Incentive plans are linked to the company's earnings performance.

Details about compensation to executive management are included in notes to the financial statements.

## 13. Information and Communication

### Reporting of financial and other information

Visma strives to report quarterly figures and other price-sensitive information as early as possible. Early reporting reduces the possibility of leaks of information and contributes to the equal treatment of all shareholders.

### Dialogue with shareholders and the financial market

Visma AS's management is responsible for informing shareholders and investors about the company's commercial and financial performance, and although Visma is not a listed company, the management is committed to ensuring that the participants in the financial markets receive the same information at the same time.

Visma strives continuously to disclose all relevant information to the market in a timely, efficient and non-discriminatory manner. All news from the company will be available on the company's website, as well as through press releases. The company's management has regular meetings with large shareholders, where topics such as corporate governance and overall strategy in particular, are discussed. The importance of not discussing subjects that may be perceived as price-sensitive is highlighted.

## 14. Takeovers

In the event of a takeover bid, the Board of Visma's primary responsibility is to maximise the return on investment for all shareholders. The Board of Visma is committed to equal treatment of shareholders and will ensure openness in respect of any takeover of the company. Any transaction that may be perceived as a sale of the company's main business will be put to the AGM.

The Board has, however, not drawn up formal guidelines for its conduct in the event that a bid is made for the company.

### Evaluation of a bid

Should a formal bid be made for Visma, the Board will usually seek to attract competing bids. This will not apply if the Board is able unequivocally to recommend a bid that has been received, or if the process of seeking to attract a competing bid would cause an existing bid to be withdrawn or expire.

If a bid is received for the company's shares, the Board will issue a statement that includes an evaluation of the bid and a recommendation to shareholders on whether the bid should be accepted or not. If the Board finds that it is unable to recommend the bid to shareholders or not, it will explain its reasons for not making a recommendation. If the Board's statement is not the unanimous view of the Board, this will be explained.

The Board will arrange a valuation from an independent expert. The Board will also make a recommendation to shareholders on whether or not to accept the offer.



## 15. Auditor

The Group uses the same audit firm in all its subsidiaries in all markets in which the company operates. The overall audit agreement is approved only by the CFO. No agreements may be made with local auditors.

The auditor is used extensively as a consultant in financial due diligence in connection with the acquisition of new business and on tax issues. The auditor is not used as a consultant in strategic questions, or in tasks related to operations in the company. Only the CFO in consultation with the CEO approves consulting assignments.

Details of the auditor's compensation is reported at the AGM and included in the notes to the financial accounts.

### [Relationship between Board of Directors and Auditor](#)

The auditor participates in Board meetings dealing with the financial statements. At the same meetings, the auditor explains his/her view on the company's accounting policies, risk areas, internal control routines and accounting processes.